



BALDWIN • LIMA • HAMILTON

Annual Report

1960

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BALDWIN-LIMA-HAMILTON CORPORATION

EXECUTIVE OFFICES—
PHILADELPHIA NATIONAL BANK BUILDING
PHILADELPHIA 7, PA.

BOARD OF DIRECTORS

HENRY F. BARNHART	<i>Lima, Ohio</i>
H. E. COOMBE	<i>Cincinnati, Ohio</i>
FRANCIS L. ELMENDORF	<i>Shaker Heights, Ohio</i>
JOSEPH N. EWING	<i>Valley Forge, Pennsylvania</i>
EDWARD HOPKINSON, JR.	<i>Chestnut Hill, Pennsylvania</i>
MCCLURE KELLEY	<i>Glen Moore, Pennsylvania</i>
FREDERIC A. POTTS	<i>Ambler, Pennsylvania</i>
WILLIAM WOOD PRINCE	<i>Chicago, Illinois</i>
GEORGE A. RENTSCHLER	<i>New York, New York</i>
WILLIAM S. ROWE	<i>Cincinnati, Ohio</i>
LOUIS FENN SPERRY	<i>Scarsdale, New York</i>
MILTON STEINBACH	<i>New York, New York</i>
RALPH K. STILES	<i>Hillsborough, California</i>
JAMES M. WHITE	<i>Philadelphia, Pennsylvania</i>
PERRY A. WHITE	<i>Wallingford, Pennsylvania</i>

EXECUTIVE OFFICERS

GEORGE A. RENTSCHLER	<i>Chairman of the Board and Chairman of the Operations Committee</i>
MCCLURE KELLEY	<i>President</i>
JAMES M. WHITE	<i>Executive Vice President</i>
ANDREW LISTON	<i>Vice President—Sales</i>
R. NEVIN WATT	<i>Vice President</i>
PERRY A. WHITE	<i>Vice President—Finance, Secretary and Treasurer</i>
ROBERT P. BAUER	<i>General Controller</i>

TRANSFER AGENTS

IN PHILADELPHIA	<i>Fidelity-Philadelphia Trust Company</i>
IN NEW YORK	<i>Bankers Trust Company</i>
IN CINCINNATI	<i>The Fifth Third Union Trust Company</i>

REGISTRARS

IN PHILADELPHIA	<i>The First Pennsylvania Banking and Trust Company</i>
IN NEW YORK	<i>The First National City Bank of New York</i>
IN CINCINNATI	<i>The Central Trust Company</i>

SUMMARY

	<u>1960</u>	<u>1959</u>
Net sales	\$122,804,000	\$137,226,000
Net income	\$1,308,000	\$4,981,000
Per share	\$.31	\$1.17
Cash dividends declared	\$2,550,000	\$2,553,000
Per share	\$.60	\$.60
Shareholders' book equity	\$114,072,000	\$115,486,000
Per share	\$26.82	\$27.17
Working capital	\$79,530,000	\$78,295,000
Per share	\$18.70	\$18.42
Additions and improvements to facilities	\$1,669,000	\$3,835,000
Depreciation and amortization charged to income	\$3,347,000	\$3,323,000
Orders received	\$126,288,000	\$150,609,000
Orders unfilled	\$66,695,000	\$71,467,000
Number of shares outstanding	4,252,800	4,250,300
Number of shareholders	19,542	20,305
Number of employees	6,726	8,265

TO THE SHAREHOLDERS

The net income of Baldwin-Lima-Hamilton Corporation for the year 1960 amounted to \$1,307,674 or 31¢ per share, compared with net income for the year 1959 of \$4,980,830 or \$1.17 per share. There were certain large non-recurring expenses in the year that will subsequently be touched upon. Dividends in the amount of \$2,550,315 or 60¢ per share were declared in 1960. Although the dividend was not fully earned, the Directors voted the same dividend as in previous years. As you will recall, we have always followed a conservative dividend policy, having in mind to maintain dividends, if possible, in bad years as in good years.

To comment briefly on certain salient facts pertaining to the company on Page 1 of this report under the caption SUMMARY: Sales amounted to \$122,804,000 compared to \$137,226,000 in the previous year. Backlog of orders at the year end was \$66,695,000 compared to \$71,467,000 at the previous year end.

In our last several Annual Reports we have expressed concern about the wage-price spiral and its effect upon the nation's economy. Each year wages have increased without comparable increases in productivity. As we have pointed out before, labor is a most important element of cost in manufacturing capital goods, not only in the materials themselves but in working those materials. The taxes we pay to the Government, whether City, State, or Federal, again must be included in the final cost. When demand for capital goods diminishes, generally speaking, certain business expenses remain relatively constant and prices deteriorate because of increased competitiveness. In addition, foreign competitors, often with facilities and know-how furnished free by this country, have invaded our markets.

With these factors in mind we began several years ago a broad program of concentration of manufacturing facilities. We transplanted personnel, engineering and 243 carloads and 106 truckloads of machinery, inventory, patterns, dies, etc. to Eddystone, Pennsylvania from Hamilton, Ohio. Fortunately we have been able to sell the major portion of land and buildings and excess equipment formerly used in Hamilton operations at favorable prices.

Similarly, we moved to Eddystone the Loewy-Hydropress Division personnel located in New York City. Further, the products of the Madsen Works at La Mirada, California, were moved to Lima and land and buildings in connection with this operation in California were sold.

This program took almost two years to complete. It was costly, and particularly upsetting to normal production was the problem of moving many dozens of machines as well as materials and putting them into operation. Despite the fact that these were expensive moves, they undoubtedly will result in real savings. The cost of the program was charged to surplus. Capital gains accruing from the sale of assets were credited to surplus.

As you know, certain areas of business have been in a slump for many months now. This is essentially true in the capital goods industries. Not only is the demand for capital equipment off but prices are at a very low level. Manufacturing and operating expenses of all kinds, including personnel, have been thoroughly reviewed in all divisions and substantial cost reductions have been made.

Our balance sheet indicates that we are in a strong financial position. Our facility is in excellent condition. We have pursued a vigorous development program. It is impossible to predict, we believe, how soon business will improve. We feel that we are in excellent position to meet the challenges ahead.

Management again wishes to express its thanks to the officers and employees of the company for their wholehearted support in the year just ended.

MCCLURE KELLEY
President

GEORGE A. RENTSCHLER
Chairman of the Board

March 3, 1961

HEAVY MACHINERY AND ENGINEERING

INDUSTRIAL EQUIPMENT DIVISION

PHILADELPHIA 42 (EDDYSTONE), PENNSYLVANIA

FRED A. FIELDER

Vice President and General Manager

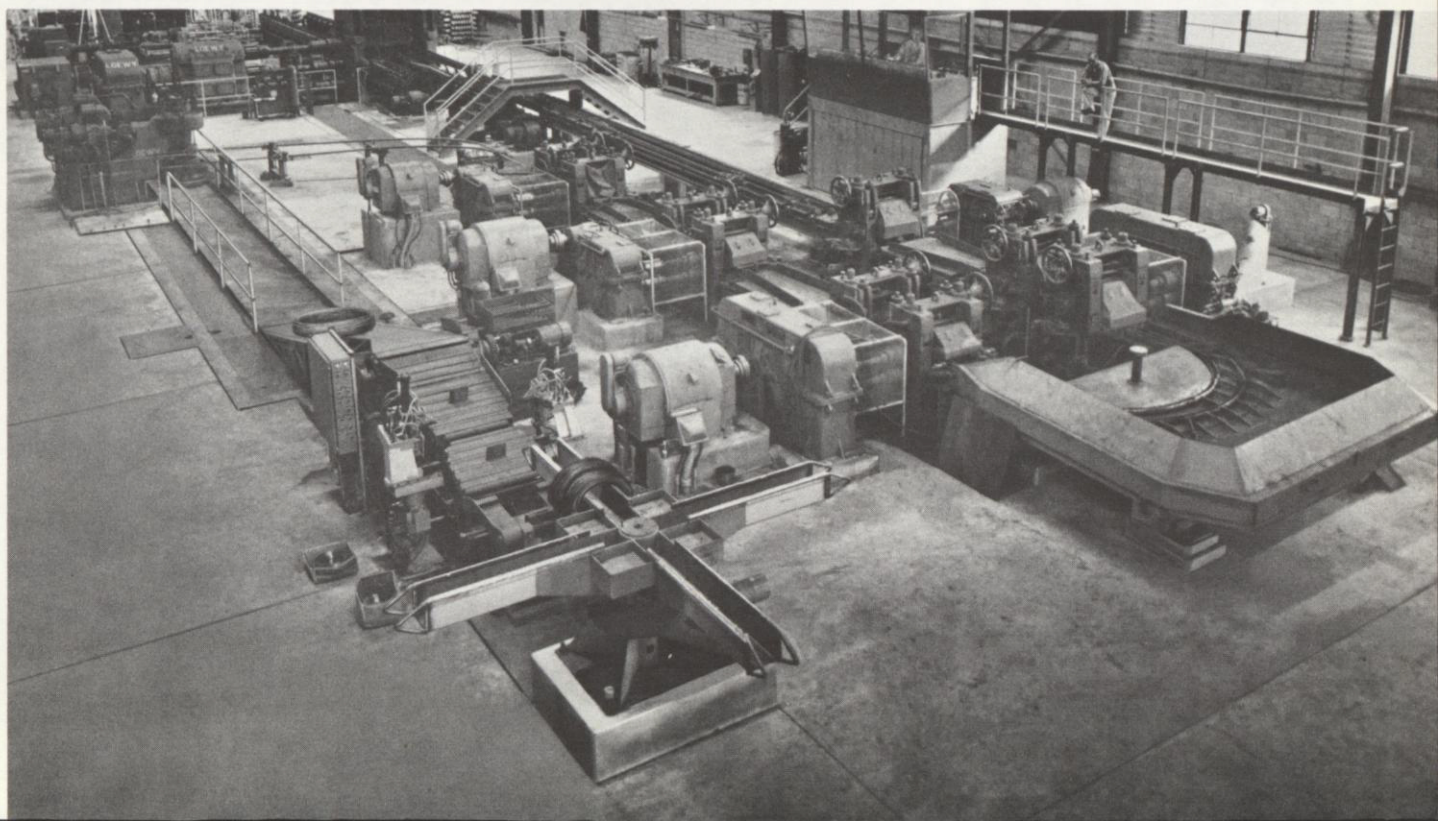
PRODUCTS

Water Power Turbines • Hot and Cold Rolling Mills • Can Making Machinery • Ship Propellers • Brass and Bronze Foundry Products • Mechanical and Hydraulic Metalworking Presses • Plywood and Hardboard Presses • Large Industrial and Railroad Machine Tools • Missile Ground and Shipboard Handling and Launching Systems • Radio and Radar Detection and Guidance Structures • Pipe and Steel Mill Equipment • Nuclear Power Plant Equipment • Dump Cars • Diesel Engines • Accelerator Magnets for Nuclear Science

The Industrial Equipment Division, a consolidation of Hamilton, Loewy-Hydropress and Eddystone engineering, was created during the year. All of this engineering is concentrated at Eddystone. Key personnel from Hamilton as well as the Loewy engineers in New York City were transplanted. Much of the Hamilton manufacturing facility was moved to Eddystone. We believe the Eddystone facility as now constituted is one of the outstanding facilities for the manufacture of heavy machinery. You can well imagine the confusion resulting from the consolidation on account of the movement of people and likewise that of machinery and inventory and the installation thereof. We feel that most of this work is pretty well behind us as well as the cost.

Industrial Equipment products are many and varied. Certain inquiries for large orders exist at the moment and we believe that some of these inquiries will be translated into orders. We have diligently pursued the development of automatic machines. Several of these products will appear on the market in 1961.

Complete copper wire production mill designed and manufactured by the Industrial Equipment Division for the Hatfield, N. J., plant of Continental Copper and Steel Industries, Inc.



STANDARD STEEL WORKS DIVISION

BURNHAM, MIFFLIN COUNTY, PA.

JOHN D. TYSON

Vice President and General Manager

PRODUCTS

Forgings • Castings • Tires • Wheels • Springs •

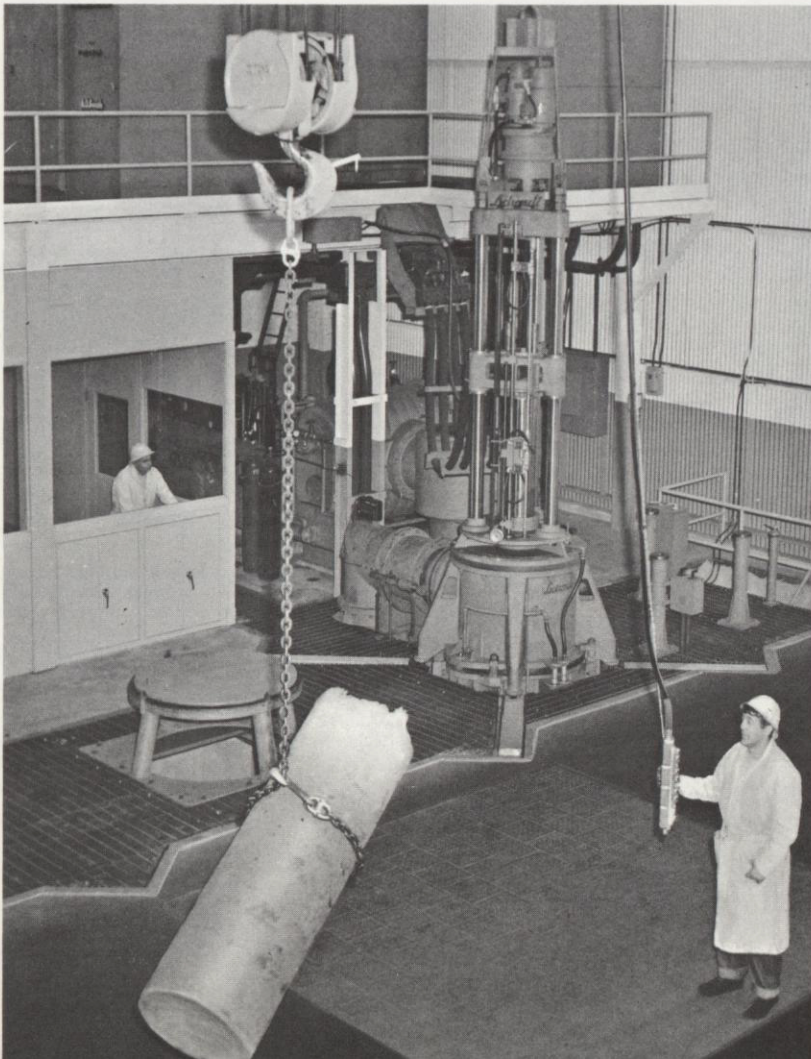
Weldless Rings and Flanges

made of

Carbon and Alloy Steels, Super Alloys, Non-Ferrous Alloys

Bookings and shipments of this Division following the pattern of the steel industry generally, were substantially below those of 1959. Contributing to this situation is the present plight of the railroads. They purchased comparatively few new cars and wheels for existing equipment. Heavy industry to whom Standard normally supplies large castings and forgings has had comparatively smaller procurement programs.

To meet this situation, i.e. to diversify our line, we began an extensive program in 1957 to produce super-alloy steels. We have spent or committed \$4.5 million to install electric furnaces, heat-treating facilities, vacuum degassing equipment, a vacuum remelting furnace and auxiliary equipment. When our new forming presses and ring mills are installed, Standard will be in a unique position of being a completely integrated facility for super alloys, from the raw material to the finished ring for the missile and jet engine program. We have generated new business because of this investment and we anticipate increasing volume. In addition, monies have been spent to improve our wheel manufacturing facility and as this business picks up our operating economies should improve.



Super-alloy ingot, in foreground, as removed from vacuum arc remelting furnace at Standard Steel Works Division.

PELTON DIVISION

SAN FRANCISCO 10, CALIFORNIA

MORGAN WHITE

Vice President and General Manager

PRODUCTS

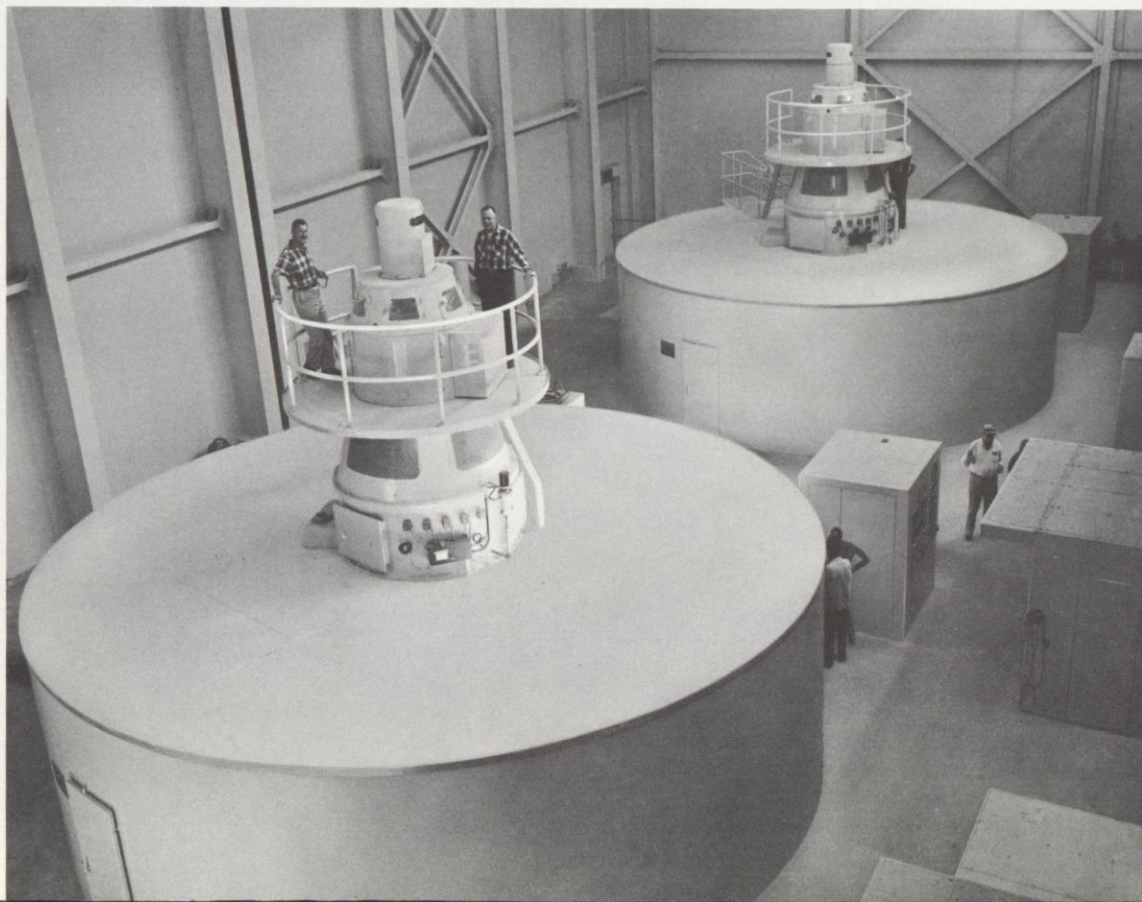
Water Power Turbines • Governors and Controllers for Water Power Turbines • Large Centrifugal Pumps • Hydraulic Valves for Power Stations • Butterfly and Spherical Valves for Water Works • Surge Suppressors and Air Valves for Waterline Protection • Water Strainers • Balancing Machines • Flow-Indicator Alarms • Manual-Electric Valve Operators

Foreign competition substantially affected Pelton's turbine business in the year just ended. We are endeavoring to meet these new inroads through new and improved design wherever possible.

Concerning new products, Pelton has continued to develop the hydraulic governor business and has also supplied liquid oxygen valves for missile use. This is a new field and one of great intricacy, which we believe has a future as missiles develop further.

Low head fishwater pumps to provide water to attract fish away from the turbine discharges so the fish can be directed to ladders for conveying them upstream above the dam were developed during the year and two turbine driven pumps of this type are in process in our shops.

Interior view of the City of San Francisco's Cherry Hydroelectric Power Station. Two 93,500 hp Pelton turbines drive the generators. Pelton permanent magnet generators, located on top of the main generators, are controlled by the Pelton cabinet-type governors located at the right.



CONSTRUCTION EQUIPMENT DIVISION

HENRY F. BARNHART, *Vice President and General Manager*

LIMA WORKS

LIMA, OHIO

HENRY F. BARNHART
Vice President and General Manager

PRODUCTS

Power Shovels • Cranes • Draglines • Pull Shovels • Rock Crushing Equipment • Roadpackers • Asphalt Paving Plants • Aggregate Dryers • Dust Collectors

The domestic construction machinery business suffered a general slump throughout the year. Prices as well as terms were highly competitive. Overseas business however held up well. Our foreign competitors thus far have not had extensive experience in this type of manufacture.

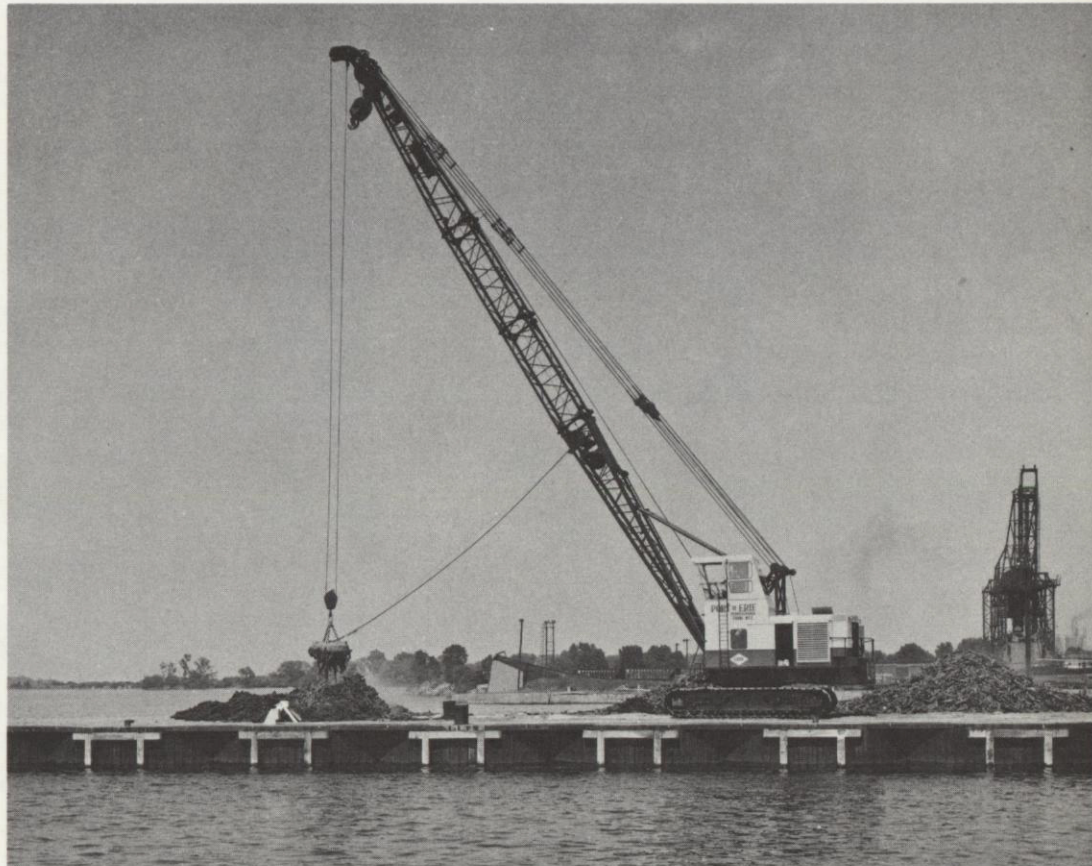
The new line of truck cranes of 25 to 40 ton capacity and a special dock handling crane were released to our customers during 1960.

The Madsen plant near Los Angeles, previously operated as a division of Lima, was sold. Asphalt paving plants, formerly manufactured at Madsen, are now being made at Lima. Major economies are expected by combining the engineering and sales of this machinery with the rock crushing equipment currently made at Lima.

The National road building program was again a disappointment. The volume of building expected did not materialize.

The excellence of Lima's engineering and manufacturing facilities make it capable of taking advantage of any upswings in the national economy.

LIMA 1800 SC Crane, equipped with a 120-foot boom, is shown stockpiling pig iron at the Port of Erie, Pa.



AUSTIN-WESTERN WORKS

AURORA, ILLINOIS

CHARLES M. LIPPINCOTT

Vice President and General Manager

PRODUCTS

Road Graders • Hydraulic Cranes • Compaction Equipment
• Street Sweepers

Austin-Western had a profitable year in 1960 on a modest increase in volume. The Division added to its line two large size motor graders capable of the heaviest construction work.

The hydraulic crane series undertaken some years ago has been further expanded. New sizes were introduced to the line in 1959 and 1960. Several additional new models are about ready for public offering. We feel that material handling of all sorts furnishes an important area for our hydraulic cranes. A new rubber-tired roller compactor has completed its test and will be put on the market in 1961. This is an addition to the line of standard type rollers currently manufactured.

The Austin-Western Works has excellent engineering and a very efficient facility and is expected to strengthen its position as one of the leaders in the construction equipment industry.



AUSTIN-WESTERN Pacer 400 power grader is shown grading sloped embankment at Milcreek Township, Pa.

ELECTRONICS

ELECTRONICS AND INSTRUMENTATION DIVISION

WALTHAM, MASSACHUSETTS

ROBERT O. BULLARD

Vice President and General Manager

PRODUCTS

SR-4® Strain Gages and Micro-Miniature Thermocouples • Force Transducers • Instrumentation • Systems

In 1960 this Division sold its unprofitable testing machinery business. Every effort was directed to perfecting electronic weighing and measuring devices.

To supplement our basic strain gages, both wire and etched, a new product was added—of micro-miniature thermocouples, the world's smallest and most sensitive temperature sensors. They are now being marketed to meet the increasing demands for fast, accurate temperature measurements in the range from cryogenic environments to plus 3000° F. There are many applications in the field of biology, medicine, rocketry and aircraft.

Our SR-4® pressure transducers were redesigned as a more compact unit to broaden their fields of application. In addition to the regular product we developed a special line of high output transducers with most extraordinary accuracy. Wide acceptance is anticipated not only in the missile field but in chemical, pipe lines and process control industries.

Heretofore we have mostly purchased our force measurement instrumentation. During 1960 we made an excellent start in designing our own line of instrumentation, capable of being used in a wide variety of applications depending upon the use. This will be a complete line of indicators, printers and recorders to measure weight, thrust, force, torque and pressure.



C-124 Military Aircraft positioned on Type MB-1 electronic platform scales. Automatic load planning computer (Type MM-2) is shown at right. Jacks in left foreground are for fine positioning of platforms. The scales and the computer are designed and manufactured by the E & I Division.

BALDWIN-LIMA-HAMILTON CORPORATION

STATEMENT OF INCOME

	1960	1959
INCOME:		
Net sales.....	\$122,804,071	\$137,226,263
Royalties and licenses.....	449,283	611,295
Interest earned.....	1,067,689	1,141,460
Net profit on sale of property.....	138,316	391,269
Miscellaneous.....	344,770	157,918
Total	<u>\$124,804,129</u>	<u>\$139,528,205</u>
COSTS AND EXPENSES:		
Cost of products sold including engineering, selling and administrative expenses.....	\$117,616,069	\$125,406,510
Depreciation and amortization.....	3,346,616	3,322,781
Contributions for employees' retirement.....	1,913,504	2,010,323
Taxes on income (see statement of accumu- lated earnings).....	520,000	3,800,000
Interest and miscellaneous.....	100,266	7,761
Total.....	<u>\$123,496,455</u>	<u>\$134,547,375</u>
NET INCOME.....	<u>\$ 1,307,674</u>	<u>\$ 4,980,830</u>
Per share — Outstanding at end of year, 4,252,800 shares in 1960 and 4,250,300 shares in 1959.....		
	\$.31	\$1.17

BALDWIN-LIMA-HAMILTON CORPORATION

BALANCE SHEET

DECEMBER 31, 1960 and 1959

ASSETS

	1960	1959
CURRENT ASSETS:		
Cash.....	\$ 5,511,251	\$ 6,385,924
U. S. Treasury and other investments, at cost.	4,710,273	11,269,920
Trade receivables (less reserve, \$210,000 in 1960 and 1959).....	29,425,951	32,166,161
Notes and mortgages receivable from sale of properties.....	2,812,076	—
Federal income tax refundable.....	3,230,000	—
Inventories at lower of cost or market (less reserve, \$300,000 in 1960 and \$501,000 in 1959)	46,102,647	50,543,617
Prepaid expenses.....	233,642	333,568
Total Current Assets.....	\$ 92,025,840	\$100,699,190
 TRADE RECEIVABLES—Not due within one year...	6,544,662	5,750,294
 MORTGAGES RECEIVABLE—Not due within one year	496,375	126,875
 INVESTMENTS—At cost.....	592,267	589,767
 PROPERTY, PLANT AND EQUIPMENT — At cost (less reserve for depreciation and amortization, \$44,419,460 in 1960 and \$47,593,270 in 1959)...	27,568,861	31,703,711
	<u>\$127,228,005</u>	<u>\$138,869,837</u>

The Executive Stock Option Plan provides that the Company may grant options to key executives of the Company to purchase not in excess of 200,000 shares of the Company's common stock at prices not less than 95% of market value at the time the option is granted. At January 1, 1960, options were outstanding for 121,450

LIABILITIES

	1960	1959
CURRENT LIABILITIES:		
Accounts payable, trade.....	\$ 4,085,578	\$ 7,647,370
Dividend payable.....	637,920	637,883
Advances on sales orders.....	1,786,182	2,514,621
Provision for taxes on income.....	1,177,210	6,217,688
Other taxes, wages, commissions, etc.....	4,808,814	5,386,556
Total Current Liabilities.....	\$ 12,495,704	\$ 22,404,118
 RESERVES FOR PRODUCT GUARANTEES AND OTHER EXPENSES.....	 660,000	 980,000
 SHAREHOLDERS' BOOK EQUITY:		
Common stock, \$13 par:		
Authorized, 5,000,000 shares		
Issued, 4,782,778 shares.....	62,176,114	62,176,114
Capital in excess of par value.....	26,836,298	26,836,298
Accumulated earnings reinvested in the business	30,293,104	31,707,021
	\$119,305,516	\$120,719,433
Less treasury common stock at cost, 529,978 shares in 1960 and 532,478 shares in 1959...	5,233,215	5,233,714
Total Shareholders' Book Equity.....	\$114,072,301	\$115,485,719
	\$127,228,005	\$138,869,837

shares, options for 15,700 shares had been exercised and 62,850 unoptioned shares were available under the Plan. During 1960, options for 3,000 shares were granted, options for 14,400 shares terminated, and options for 7,550 shares were exercised. At December 31, 1960, options to purchase 102,500 shares for an aggregate of \$1,292,474 were outstanding and 74,250 unoptioned shares were available under the Plan.

BALDWIN-LIMA-HAMILTON CORPORATION

STATEMENT OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

	1960	1959
Balance, January 1	\$31,707,021	\$29,279,526
Net income	1,307,674	4,980,830
Special (charges) and credits:		
Unrequired income tax provision resulting from settlement of prior years' tax liabilities	2,200,000	
Charges attributable to consolidation and re- arrangement of operating facilities including losses, net of gains, from disposals of proper- ties, equipment and parts, less related income tax credit of \$3,420,000	(2,371,276)	
(this credit is after deducting a \$330,000 Federal in- come tax provision, included in current liabilities, applicable to gain from disposal of properties deferred for income tax purposes; the income account has been charged with \$520,000 of such credit, represent- ing an amount equivalent to taxes on 1960 income, and the balance of \$3,230,000 has been included in the balance sheet as Federal income tax refundable)		
Dividends declared	(2,550,315)	(2,553,335)
Balance, December 31	<u>\$30,293,104</u>	<u>\$31,707,021</u>

REPORT OF AUDITORS

To the Shareholders of

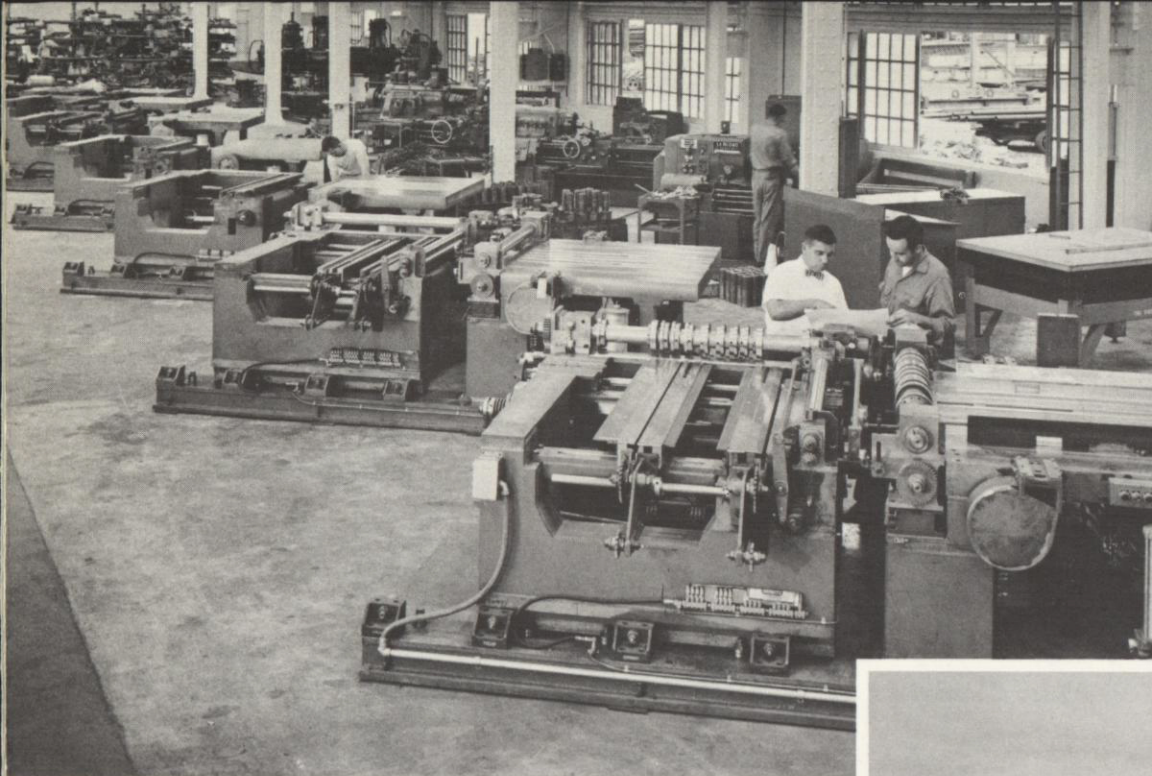
BALDWIN-LIMA-HAMILTON CORPORATION:

We have examined the balance sheet of Baldwin-Lima-Hamilton Corporation as of December 31, 1960, and the related statements of income and accumulated earnings reinvested in the business for the year then ended. We were unable to obtain confirmation of certain amounts due from the United States Government but we satisfied ourselves as to such amounts by other auditing procedures. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of Baldwin-Lima-Hamilton Corporation at December 31, 1960, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

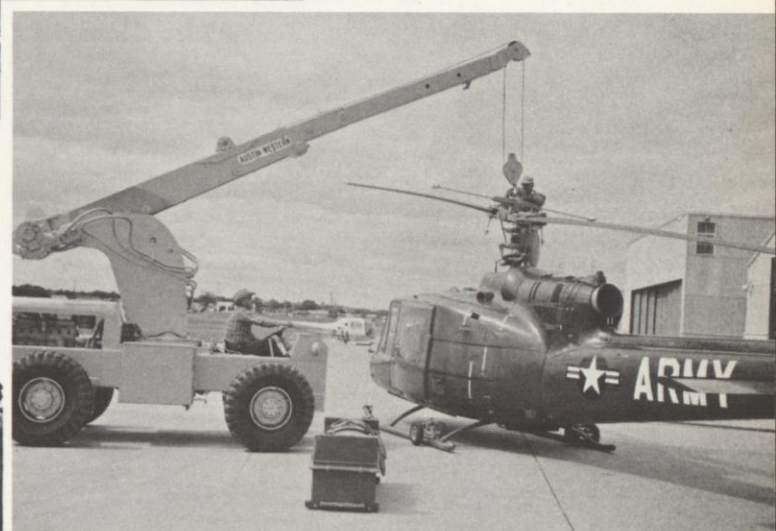
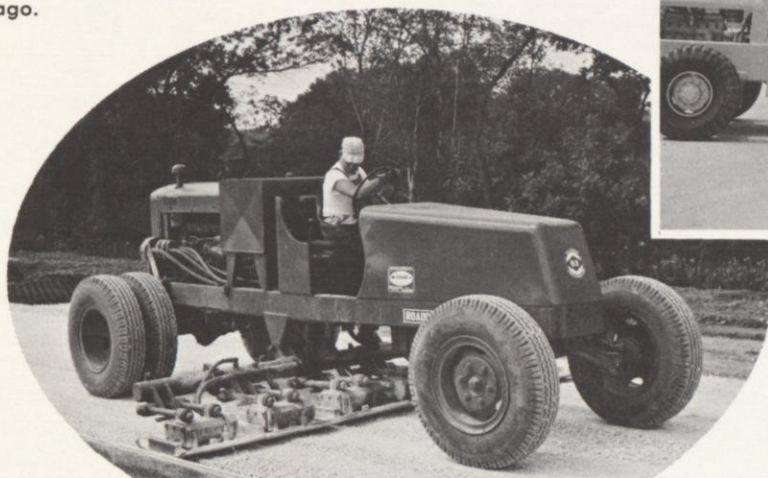
LYBRAND, ROSS BROS. & MONTGOMERY
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania,
February 3, 1961.

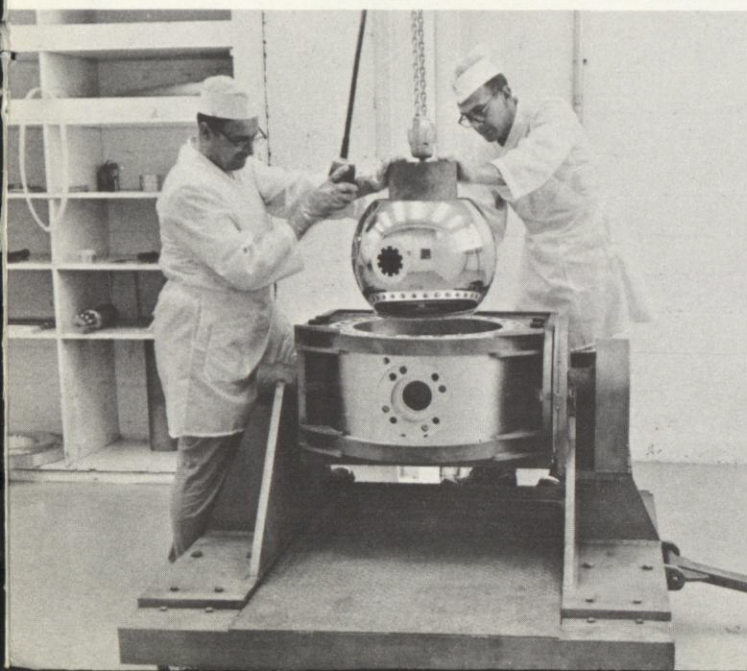


Production line of duplex slitters in the can machinery department at the Industrial Equipment Division.

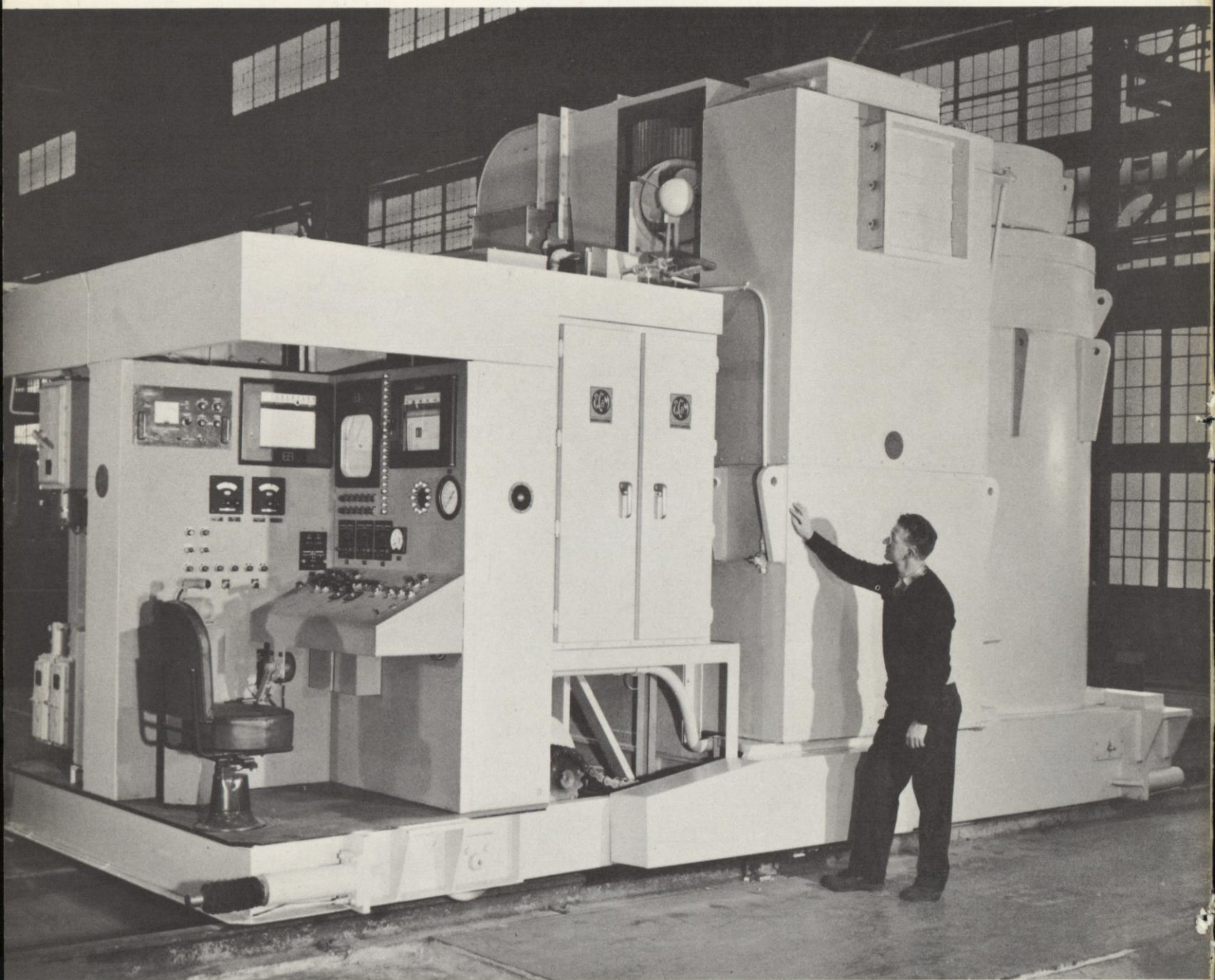
LIMA Model D Roadpacker compacting roadbed of Congress Expressway, Chicago.



Exclusive precision-control comes into play as this Model 210, Austin-Western hydraulic crane positions a turbo-rotor at the Bell Helicopter Company's assembly plant in Texas.



Pelton liquid-oxygen ball valve being assembled in Division's air conditioned assembly room. These highly critical valves control fueling of missiles built by the Rocketdyne Division of North American Aviation.



Atomic fueling vehicle, built by Industrial Equipment Division, shown on assembly floor prior to delivery to Enrico Fermi Atomic Power Plant, near Detroit. Weighing 200 tons, due to heavy lead shielding, the vehicle will load new and unload irradiated fuel elements used in the power reactor. It is track-mounted and all functions of fuel servicing are handled remotely by an operator at the fully-instrumented control console.